

HOUSE BILL NO. 309

INTRODUCED BY B. GLASER

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING ANNUAL INFLATION-RELATED ADJUSTMENTS TO BE APPLIED TO THE BASE FUNDING PROGRAM AMOUNTS FOR SCHOOL DISTRICT BASIC ENTITLEMENTS, PER-ANB ADJUSTMENTS, AND THE ALLOWABLE COST PAYMENTS FOR SPECIAL EDUCATION; AMENDING SECTIONS 20-9-306, 20-9-321, AND 20-9-326, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-9-306, MCA, is amended to read:

"20-9-306. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in

support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means the following amounts adjusted for inflation as provided in 20-9-326:

(a) \$220,646 for each high school district;

(b) \$19,859 for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows:

(i) \$19,859 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten through grade 8; plus

(ii) \$220,646 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade 8.

(7) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

(8) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, and the greater of:

(a) 175% of special education allowable cost payments; or

(b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a maximum allowable ratio of 200%.

(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(10) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations adjusted for inflation as provided in 20-9-326:

(a) for a high school district or a K-12 district high school program, a maximum rate of \$5,371 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of \$4,031 for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of \$4,031 for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of \$5,371 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB."

Section 2. Section 20-9-321, MCA, is amended to read:

"20-9-321. Allowable cost payment for special education. (1) For the purpose of establishing the allowable cost payment for a current year special education program for a school district, the superintendent of public instruction shall determine the total special education payment to a school district, cooperative, or joint board for special education services formed under 20-3-361 prior to July 1, 1992, using the following factors:

- (a) the district ANB student count as established pursuant to 20-9-311 and 20-9-313;
- (b) a per-ANB amount for the special education instructional block grant;
- (c) a per-ANB amount for the special education-related services block grant;
- (d) an amount for cooperatives or joint boards meeting the requirements of 20-7-457, to compensate for the additional costs of operations and maintenance, travel, supportive services, recruitment, and administration; ~~and~~
- (e) any other data required by the superintendent of public instruction to administer the provisions of this section; and

(f) an adjustment for inflation as provided in 20-9-326.

(2) (a) The total special education allocation must be distributed according to the following formula:

- (i) 52.5% through instructional block grants;
- (ii) 17.5% through related services block grants;
- (iii) 25% to reimbursement of local districts; and
- (iv) 5% to special education cooperatives and joint boards for administration and travel.

(b) Special education allowable cost payments outlined in subsection (2)(a) must be granted to each school district and cooperative with a special education program as follows:

1 (i) The instructional block grant limit prescribed in subsection (2)(a)(i) must be awarded to each school
2 district, based on the district ANB and the per-ANB special education instructional amount.

3 (ii) The special education-related services block grant limit prescribed in subsection (2)(a)(ii) must be
4 awarded to each school district that is not a cooperative member, based on the district ANB and the per-ANB
5 special education-related services amount, or to a cooperative or joint board that meets the requirements of
6 20-7-457. The special education-related services block grant amount for districts that are members of approved
7 cooperatives or a joint board must be awarded to the cooperatives or joint board.

8 (iii) If a district's allowable costs of special education exceed the total of the special education
9 instructional and special education-related services block grant plus the required district match required by
10 subsection (4), the district is eligible to receive at least a 40% reimbursement of the additional costs. To ensure
11 that the total of reimbursements to all districts does not exceed 25% of the total special education allocation limit
12 established in subsection (2)(a)(iii), reimbursement must be made to districts for amounts that exceed a
13 threshold level calculated annually by the office of public instruction. The threshold level is calculated as a
14 percentage amount above the sum of the district's block grants plus the required district match.

15 (iv) Of the amount distributed under subsection (2)(a)(iv), three-fifths must be distributed based on the
16 ANB count of the school districts that are members of the special education cooperative or joint board and
17 two-fifths must be distributed based on distances, population density, and the number of itinerant personnel
18 under rules adopted by the superintendent of public instruction.

19 (3) The superintendent of public instruction shall adopt rules necessary to implement this section.

20 (4) A district shall provide a 25% local contribution for special education, matching every \$3 of state
21 special education instructional and special education-related services block grants with at least one local dollar.
22 A district that is a cooperative member is required to provide the 25% match of the special education-related
23 services grant amount to the special education cooperative.

24 (5) The superintendent of public instruction shall determine the actual district match based on the
25 trustees' reports. Any unmatched portion reverts to the state and must be subtracted from the district's ensuing
26 year's special education allowable cost payment.

27 (6) A district that demonstrates severe economic hardship because of exceptional special education
28 costs may apply to the superintendent of public instruction for an advance on the reimbursement for the year
29 in which the actual costs will be incurred."
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